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State/Territory Name: Maryland

State Plan Amendment (SPA) #: 20-0005

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

August 17, 2020

Mr. Dennis Schrader, Director
Medicaid
Maryland Department of Health
201 W. Preston Street, First Floor
Baltimore, MD 21201

RE: State Plan Amendment 20-0005

Dear Mr. Schrader:

We have completed our review of State Plan Amendment (SPA) 20-0005. This SPA modifies Attachment 4.19-D of Maryland's Title XIX State Plan. Specifically, this SPA increases nursing facility pay-for-performance program rates by four percent and focuses the program on reportable outcomes.

We conducted our review of this SPA according to the statutory requirements at sections 1902(a)(3), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving state plan amendment 20-0005 effective July 1, 2020. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, or require additional information, please call Gary Knight at (304) 347-5723.

Sincerely,

[redacted]

Karen Shields
Acting Director

Enclosures

cc: Ms. Tricia Roddy, Director, Innovation, Research, and Development
Mr. Mark A. Leeds, Director, Long Term Services & Supports - MDH

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 20-0005

2. STATE: MD

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: 07/01/2020

5. TYPE OF PLAN MATERIAL *(Check One)*

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION
N/A 42 CFR Subpart C

7. FEDERAL BUDGET IMPACT
a. FFY 2021 2020 $ $3,185 $6,112
b. FFY 2021 $ $3,185 $18,337

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Att. 4.19D pg. 1, 1C, 7C, 7D, 7E, 7F (20-0005)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Att. 4.19D pg. 1 (19-0008)
Att. 4.19D pg. 1C (18-0010)
Att. 4.19D pg. 7C, 7D (11-18)
Att. 4.19D pg. 7E, 7F (10-12)

10. SUBJECT OF AMENDMENT
This amendment expands increases the size of the total Pay-for-Performance award from 0.5 percent to 4.0 1.0 percent of the total nursing facility provider reimbursement; refocuses the program on reportable resident outcomes; and includes incentives and disincentives.

11. GOVERNOR'S REVIEW *(Check One)*

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED

12. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

13. TYPED NAME
Tricia Roddy

14. TITLE
Director, Innovation, Research, and Development

15. DATE SUBMITTED
6/30/2020

16. RETURN TO
Dennis Schrader
Medicaid Director
Maryland Department of Health
201 W. Preston St., 5th Floor
Baltimore, MD 21201

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED
08/17/2020

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
07/01/2020

20. SIGNATURE OF REGIONAL OFFICIAL
[redacted]

21. TYPED NAME
Karen Shields

22. TITLE
Acting Director, FMG

23. REMARKS

Box 6: Added payment regulations for inpatient and long-term care
Box 7a: Corrected federal financial impact (shown in thousands) and applicable federal fiscal year
Box 7b: Corrected federal financial impact (shown in thousands)
Box 10: Corrected percentage increase to recognize additional funding from BPW

Instructions on Back

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Maryland

Program/Service

4.19(d) Nursing facility payment rates, based on Code of Maryland regulations (COMAR) 10.09.10, account for the cost of services required to attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident eligible for Medicaid benefits.

Payment rates for nursing facilities are based on a prospective reimbursement methodology.

Payment rates for nursing facilities are based on pricing and are the sum of per diem reimbursement calculations in four cost centers: administrative/routine, other patient care, capital, and nursing services (which include certain direct care costs such as therapies). Prospective payments are considered paid in full.

Additional allowable ancillary payments are listed and are paid prospectively and in full.

In accordance with the Omnibus Budget Reconciliation Act of 1987, nursing facility payment rates, effective October 1, 1990, take into account the costs of nursing facilities' compliance with the requirements of Sections 1919(b) (other than paragraph (3)(F)), 1919(c), and 1919(d) of the Social Security Act.

Aggregate payments for these facilities may not exceed Medicare upper payment limits as specified at 42 CFR 447.272.

A provider that renders care to Maryland Medicaid recipients of less than 1,000 days of care during the provider's fiscal year may choose to not be subject to cost reporting requirements and to accept as payment the Medicaid statewide average payment for each day of care.

Nursing facilities that are owned and operated by the State are not paid in accordance with these provisions. These facilities are reimbursed reasonable costs based upon Medicare principles of reasonable cost as described at 42 CFR 413.

Unless otherwise defined, indexing noted under the Prospective Reimbursement Methodology refer to the latest Skilled Nursing Home without Capital Market Basket Index, published 2 months before the period for which rates are being calculated.

During the period July 1, 2020 through June 30, 2021, provider payment rates shall be increased by 4 percent from the methodology described herein.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Maryland

Program/Service

Nursing Services Costs

The Nursing Services cost center includes costs related to the direct provision of nursing services to residents. Initially, the State sets a Nursing Services price for each of four groups based on geographic location as specified under COMAR 10.09.10.30. The State sets the price based on the following steps:

(1) Each cost report's indexed Nursing Service costs is divided by the actual days of nursing care to arrive at the indexed Nursing Service cost per diem.
(2) The indexed Nursing Service cost per diem is normalized to the statewide average case mix index by multiplying the indexed Nursing Service cost per diem by the facility's normalization ratio calculated as the statewide average case mix index divided by the total facility case mix index.
(3) For each reimbursement group, each cost report's Medicaid resident days is used in the array of cost per diems in the previous step to calculate the Medicaid day weighted median.
(4) The final price for Nursing Service costs for each reimbursement group is calculated as the geographic regional Medicaid day weighted median Nursing Service cost multiplied by 1.0825.

The final Nursing Service rate for each nursing facility for each quarter is calculated as follows:

(5) Determine the Nursing Service price for the facility's geographic region;
(6) Calculate an initial nursing facility rate by multiplying the price by the facility average Medicaid case mix index divided by the statewide average case mix index;
(7) Calculate a Medicaid adjusted Nursing Service cost per diem by multiplying the per diem identified under step (1) by the Medicaid case mix adjustment ratio calculated as the facility average Medicaid case mix index divided by the total facility case mix index; and
(8) Calculate the final Nursing Service rate as the initial nursing facility rate reduced by any amount by which the Medicaid adjusted cost per diem is less than 95 percent of the initial nursing facility rate.

Facility-specific case mix is adjusted quarterly based on submitted, and reviewed, Minimum Data Set 3.0 from each facility. Case mix from the quarter before the immediate prior quarter is used to set the per diem for each rate quarter.

Facilities that are authorized to provide ventilator services utilize the above pricing methodology, however receive a payment for ventilator days of care using a facility average Medicaid case mix that includes only residents receiving ventilator care plus $285. The payment for ventilator services is prospective and paid in full.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Maryland

Program/Service

Pay-for-Performance

Maryland nursing facilities are eligible to participate in a pay-for-performance program if they have 45 or more licensed nursing facility beds, are not a continuing care retirement community, and have not been, during the 1-year period ending March 31, denied payment for new admissions, identified as delivering substandard quality of care, or identified as a Special Focus facility.

Providers shall be scored and ranked based on the following criteria:

(1) Staffing levels

In order to evaluate and compare staffing, the Program will use data from the Payroll Based Journal to calculate average hours of care per resident per day. Using a 4.13 hours standard for a facility with an average resident acuity, the Program sets an acuity-adjusted goal for each provider based on its resident mix. Providers are scored on their actual staffing relative to their facility-specific goal. Providers that meet or exceed their goal shall be scored at 100 percent.

Staffing levels will comprise of 20 percent of the overall score

(2) Staff Stability

Continuity and stability of nursing staff will be measured by the percent of nursing staff who have been employed by the facility for 2 years or longer. Nursing facilities will be required to submit a listing of their staff who were employed during the pay period that includes March 31, including their dates of hire.

Staff stability will comprise 15 percent of the overall score.

(3) Family satisfaction

Family satisfaction is based on results from the facility's most recent Nursing Facility Family Survey conducted by the Maryland Health Care Commission. Providers are scored on questions regarding general satisfaction (12%) and on several categories of questions regarding specific aspects of care and environment in the facility (18%). These questions will comprise 30 percent of the overall score.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Maryland

Program/Service

(3) Minimum Data Set Quality Indicators

Providers shall receive scores for the 3-month period ending December 31 of the most recent prior State fiscal year based on the following quality indicators for long-stay residents from the Minimum Data Set published by the Centers for Medicare & Medicaid Services. These scores will comprise 30 percent of the overall score.

-Percent of High-Risk Residents Who Have Pressure Sores
-Percent of Residents With Falls Resulting in Major Injury
-Percent of Residents Who Have/Had a Catheter Inserted and Left in Their Bladder
-Percent of Residents with a Urinary Tract Infection
-Percent of Long-Stay Residents Given Influenza Vaccination During the Flu Season
-Percent of Long-Stay Residents Who Were Assessed and given Pneumococcal Vaccination

(4) Staff immunizations

Providers shall receive 5 points if 95 percent or more of the nursing facility's staff, which includes all staff classifications, have been vaccinated against seasonal influenza. Alternatively, providers shall receive 2 points if at least 90 but less than 95 percent of the nursing facility's staff have been vaccinated against seasonal influenza. This score will comprise 5 percent of the overall score.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Maryland

Program/Service

Eligible facilities shall receive scores for staffing levels and staff stability, family satisfaction, and clinical quality indicators based on the following methodology:

- The highest ranked facility receives 100 percent of the points available;
- The average score, weighted by total days of care, receives 50 percent of the points available;
- Zero points would be received by and facility whose raw score is below the mean by an amount equal to or greater than the difference between the highest score and the mean score; and
- All other facilities will receive points proportionate to where the score falls within the range between the highest and zero.

  Facilities will receive an overall score comprised of the sum of the points awarded for each quality measure.

  Payments will be distributed annually.

During State Fiscal Year 2011, July 1, 2010 through June 30, 2011, 0.2445 percent of budge allocation for nursing facility services shall be distributed based on pay-for-performance scores. Beginning in the State Fiscal Year 2012, July 1, 2011 through June 30, 2020, 0.5 percent of the budget for nursing facility services shall be distributed based on pay-for-performance scores. Effective State Fiscal Year 2021, July 1, 2020, and each year thereafter, one percent of the budget for nursing facility services shall be distributed based on pay-for-performance scores. Eighty-five percent of the funds shall be distributed to the highest scoring facilities, representing 40 percent of the eligible days of care, such that the highest scoring facility receiving payment shall receive twice the amount per Medicaid day of care as the lowest-scoring facility receiving payment.

Fifteen percent of the pay-for-performance funds shall distributed to eligible facilities that did not score among the highest 40 percent of the eligible days of care, but whose scores represented an improvement compared with the prior state fiscal year. Facilities shall be ranked according to the greatest point increase compared with the prior fiscal year, and funds shall be distributed such that the facility with the greatest point increase shall receive twice the amount per Medicaid day of care as the facility with the smallest point increase.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of Maryland

Program/Service

Intermediate Care Facilities for Individuals with Intellectual Disabilities are a separate class and such facilities are reimbursed reasonable costs. The determination of reasonable costs is based on Medicare principles of reasonable cost as described at 42 CFR 413. An average cost per day for provider-based physician services is developed and paid in accordance with retrospective cost reimbursement principles. Payment in the aggregate may not exceed Medicare upper limits as specified at 42 CFR 447.272.